

**U.S. GOVERNMENT
LEASE FOR REAL PROPERTY**

DATE OF LEASE:

DEC 01 2010

LEASE No. GS-09B-02123

THIS LEASE, made and entered into this date between WATUMULL PROPERTIES CORP., DBA WATUMULL PLAZA, whose address is 307 Lewers St, 6th floor, Honolulu, HI 96815-2357, and whose interest in the property hereinafter described is that of OWNER, hereinafter called the LESSOR, and the UNITED STATES OF AMERICA, hereinafter called the GOVERNMENT:

WITNESSETH: The parties hereto for the considerations hereinafter mentioned, covenant and agree as follows:

1. The Lessor hereby leases to the Government the following described premises:
3,393 rentable square feet (r.s.f.), yielding approximately 2,950 ANS/BOMA Office Area (ABOA) square feet and related space located on the 1st floor (Suites 105 and 106) together with two (2) outside, surface, full-sized, marked, reserved parking stalls at Watumull Plaza, 4334 Rice Street, Lihue, HI, 96766-1810 as depicted on the attached Exhibit A (the "Premises") and Exhibit B (Parking Plan), to be used for SUCH PURPOSES AS DETERMINED BY THE GENERAL SERVICES ADMINISTRATION.
2. TO HAVE AND TO HOLD the said Premises with their appurtenances for a term beginning on the day the space is accepted by the Government as complete and ready for occupancy through the following twelve (12) year, ten (10) year firm, term in accordance with SFO Paragraph 5.10G, Acceptance of Space and Certificate of Occupancy herein, subject to termination and renewal rights as may be hereinafter set forth.
3. The Government shall pay the Lessor annual rent per the schedule below per month in arrears. Rent for a lesser period shall be prorated.

RENT:	Years 1-10	\$/RSF/ Yr	\$/USF/ Yr	Years 11-12	\$/RSF/ Yr	\$/USF/ Yr
Shell	75,392.46	22.22	26.66	79,158.69	23.33	26.83
Operating Rent	43,667.91	12.87	14.80	43,667.91	12.87	14.80
TI Amortization	21,687.72	6.39	7.35	0.00	0.00	0.00
Annual:	140,748.09	41.48	47.71	122,826.60	36.20	41.64

Rent checks shall be payable to:

Watumull Properties Corp.
307 Lewers Street, 6th floor
Honolulu, HI 96815-0000

4. The Government may terminate this lease in whole or in part effective after ten (10) years (ten year firm term) by giving at least sixty (60) days prior notice in writing to the Lessor. No rental shall accrue after the effective date of termination. Said notice shall be computed commencing with the day after the date of mailing.
5. Paragraph 5, Renewal Option, is intentionally omitted.

6. The Lessor shall furnish to the Government as part of the rental consideration, the following:

- A. The two (2) outside, surface, reserved, parking space(s) described in Paragraph 1 and parking spaces required by local code.
- B. All labor, materials, equipment, design, professional fees, permit fees, inspection fees, utilities, construction drawings (including, without limitation, plans and specifications), construction costs and services and all other similar costs and expenses associated with making the space, common areas, and related facilities ready for occupancy in accordance with the requirements of this lease and the Government's final construction drawings; provided that the Government shall make payments for lump sum items identified in Paragraph 18 of the attachment sheets in the amounts specified therein. Rent is subject to adjustment in accordance with Paragraph 3.3, "Tenant Improvement Rental Adjustment" of the SFO. All cost associated with services, utilities, maintenance, repair, replacement, inspections, improvements and other requirements as required by the Solicitation For Offers No. 8HI2061 and its attachments.
- C. Since this is a succeeding lease for a tenant currently occupying the space, subsequent improvements will have to be carefully coordinated to ensure protection and minimize damage from dust, debris, odors, etc. resulting from construction activities. The Lessor has agreed to defer its responsibility to repaint, recarpet, install new base cove and move furniture per lease LHI91223 and agrees to be responsible for these costs under this succeeding lease. The Lessor shall also be responsible, at Lessor's cost, to clean the air conditioning supply/return registers and ducts and retrofit the existing restrooms or add a unisex restroom in order to comply with SFO Paragraph 6.1, Accessibility.
- D. Adequate space for telecommunications antennae and transmission devices in accordance with Paragraph entitled, "Telecommunications: Local Exchange Access," of the Solicitation for Offers.

7. The following are attached and made a part hereof: All terms, conditions, and obligations of the Lessor and the Government as set forth in the following:

- a) Sheet No. 1 (pages 1-2) containing Paragraphs 9-18;
- b) Exhibit A, Floor Plan;
- c) Exhibit B, Parking Plan
- d) Solicitation For Offers (SFO) Amendment No. 1 dated August 26, 2010;
- e) Solicitation For Offers (SFO) Number 8HI2061 (pages 1-45) dated July 27, 2009;
- f) [REDACTED] Special Space Requirements (Pages 1-36) dated March 10, 2009;
- g) GSA Form 3517, General Clauses, (pages 1-33); and
- h) GSA Form 3518, Representations and Certifications, (pages 1-7).

8. The following changes were made in this lease prior to its execution:

Paragraph 5 of this STANDARD FORM 2 was deleted in its entirety. Paragraphs 9 through 19 have been added.

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IN WITNESS WHEREOF, the parties hereto have hereunto subscribed their names as of the date first above written.

LESSOR: WATUMULL PROPERTIES CORP., DBA WATUMULL PLAZA

BY

(Signature)

V.P.

(Title)

IN PRESENCE OF:

(Signature)

307 Levers St 600 Honolulu HI 96815

(Address)

UNITED STATES OF AMERICA: GENERAL SERVICES ADMINISTRATION, Public Buildings Service:

DEC 01 2010

BY

CATHY ELGUETA, CONTRACTING OFFICER, GSA DON CRAWFORD

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02367

9. **TAX ADJUSTMENT:** Pursuant to SFO Paragraph 4.2, "Tax Adjustment GSAM 552.270-24," for purposes of tax escalation, the Government occupies 3,393/15,474 rentable square feet (21.9%).
10. **OPERATING COST:** Pursuant to SFO Paragraph 4.3, "Operating Cost", the base rate for purposes of operating cost escalation is established at \$12.87 per rentable square foot per annum.
11. **ADJUSTMENT FOR VACANT PREMISES:** Pursuant to SFO Paragraph 4.4, "Adjustment for Vacant Premises", in the event of the Government vacating in whole or in part prior to lease expiration, the rental will be reduced by \$1.50 per ABOA square foot per annum for operating expenses. The Adjustment for Vacant Premises rate shall be escalated annually based upon Paragraph 10, "Operating Costs."
12. **OVERTIME USAGE:** Pursuant to SFO Paragraph 4.6, "Overtime Usage", upon request by the GSA Field Office Manager, the Lessor shall provide heating, ventilation, and air-conditioning (HVAC) at any time beyond normal service hours (6 a.m. - 6 p.m., Monday through Friday, 6 a.m. - 12 p.m. Saturdays and except Federal Holidays ("Normal Hours"), at a rate of \$25.00 per hour. The Lessor will not charge the Government if Lessor otherwise provides these services to other building tenants during the Government's overtime hours. The Lessor must submit a proper invoice quarterly to GSA Building Manager or designee located at c/o GSA, 300 Ala Moana Blvd, #1-336, Honolulu, HI 96850, to receive payment.
13. **24 HOUR ROOMS:** The Overtime Usage rate specified above shall not apply to any portion of the Premises that is required to have heating and cooling 24 hours per day as specified by the Lease. The charges for heating and cooling of these areas shall be provided at the rate of \$1.00 per square foot per year after "Normal Hours".
14. **TENANT IMPROVEMENT ALLOWANCE:** The maximum Tenant Improvement Allowance has been established by SFO Paragraph 3.2.A, "Tenant Improvements Included in Offer" and subsequently modified by SFO Mod #1. The Tenant Improvement Allowance of \$52,184.16 per usable square feet shall be amortized over the ten (10) year firm term of this lease agreement at an interest rate (amortization rate) of 7.25% per year.

Once the actual Government tenant improvement costs are calculated and the renovated space is accepted for occupancy by the Government, the adjusted tenant improvement amortization per SFO Paragraph 3.3, Tenant Improvement Rental Adjustment, will be added to the lease and a Supplementary Lease Agreement (SLA) will be drafted to memorialize this adjustment to actual costs and adjust the annual rental rate. If the actual Government tenant improvement costs exceed the maximum tenant improvement allowance, the Government can pay the overage or re-engineer to stay within the allowance.

15. **OCCUPANCY REPORTS:**
 - A. **Building Systems:** In accordance with SFO Paragraph 8.2 "Building Systems," the Lessor shall furnish at no cost to the Government the required building system reports prior to the Government's occupancy of the Premises.
 - B. **Acoustical Requirements:** In accordance with SFO Paragraph 6.8 "Acoustical Requirements," the Lessor shall furnish at no cost to the Government the required acoustical reports prior to the Government's occupancy of the Premises.
16. **UNAUTHORIZED IMPROVEMENTS:** All questions pertaining to this lease agreement shall be referred in writing to the General Service Administration (GSA) Contracting Officer. This contract is between GSA and the Lessor. GSA assumes no financial responsibility for any cost incurred by the Lessor except as provided by the term of the lease agreement or authorized in writing by the GSA Contracting Officer. If Lessor delivers space with improvements not authorized or requested in writing by the GSA Contracting Officer, then Lessor shall not be entitled to compensation if the improvements remain in place after the Government's acceptance of the space.
17. Wherever the words "Offeror", "Lessor" or "successful offeror" appear in this Lease, they shall be deemed to mean "Lessor"; wherever the words "solicitation", "Solicitation for Offers", or "SFO" appear in this Lease, they shall be deemed to mean "this Lease"; wherever the words "space offered for lease" appear in this Lease, they shall be deemed to mean "Premises".
18. Pursuant to SFO Paragraph 5.3, "Subsequent Tenant Alterations \$100,000 or Less", the following negotiated amounts may be used, during the first year of the lease to price alterations costing \$100,000 or less. These prices may be indexed or renegotiated to apply to subsequent years of the lease upon mutual agreement of the Lessor and the Government.

Initials: gaw & ha
Lessor Government

SHEET NUMBER 1 ATTACHED TO AND FORMING A PART OF LEASE NO. GS-09B-02367

ITEM	UNIT COST
A. The cost per linear foot of office subdividing ceiling-high partitions (STC 35). Each side of the partition will be painted and have vinyl base cove.	_____/LF
B. The cost per floor, flush mounted duplex convenience electrical outlet.	____ EA
C. The cost per floor, flush mounted fourplex (double duplex) convenience electrical outlet.	____ EA
D. The cost per floor, flush mounted dedicated, clean electrical outlet.	____ EA
E. The cost per wall, flush mounted dedicated, clean electrical outlet.	____ EA
F. The cost per floor, flush mounted telephone outlet.	____ EA
G. The cost per _____ (including installation, _____ frame, finish, hinges, _____ handle, latches, strike plates, cylinder passage lock and any other hardware necessary to facilitate installation and operation).	____ EA
H. The cost per wall, flush mounted data outlet.	____ EA
I. The cost per unit to provide one task light beneath a kitchen type cabinet.	____ EA

19. Lessor understands and acknowledges that Lessor shall be responsible for all related costs to relocate [REDACTED] Rural Development from Suite #106 to #207, including but not limited to new paint, new flooring, moving/adding walls as needed, relocating telephone and data lines/drops/faceplates in order to facilitate the [REDACTED] expansion. Lessor will obtain the necessary elevator permits prior to [REDACTED]-Rural Development relocating to the 2nd floor. There will be no square footage adjustment to the lease LH191223. The anticipated move date is no later than November 30, 2010.

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Lessor Government